



**DEPARTMENT OF
FINANCE**
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR

STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

MAR 30 2012

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Items 7100-001-0588 and 7100-001-0870, Support,
Employment Development Department**

It is requested that Item 7100-001-0588 be increased by \$33,787,000 and Item 7100-001-0870 be amended to reflect this change in order to support the fourth year of development, testing, and implementation of the Disability Insurance Automation project. The California Technology Agency approved a Special Project Report for the project in November of 2011. The project end date has been extended from August 2012 to June 2013 and scope changes provide for an interface with the Single Client Database (SCDB) DB2 system.

It is also requested that Items 7100-001-0588 and 7100-001-0870 be revised by adding provisional language authorizing the Department of Finance to augment these items if additional funding is necessary for increased costs due to increased server usage. When the SCDB was converted from an Integrated Data Management System to a DB2 environment, batch and online processing times increased, resulting in increased costs. The Employment Development Department (EDD) is implementing efficiency measures to reduce this processing time and is redirecting savings from unrelated Office of Technology rate reductions to fund the remaining anticipated cost increase. However, should efficiency measures fail to decrease costs to the level anticipated, the EDD may require additional funding for this expense. (See Attachment A for proposed provisional language.)

The effect of my requested action is reflected on the attachment.

MAR 30 2012

If you have any questions or need additional information regarding this matter, please call Chris Lief, Assistant Program Budget Manager, at (916) 445-8913.

ANA J. MATOSANTOS

Director

By:

/s/ Michael Cohen

MICHAEL COHEN

Chief Deputy Director

Attachment

cc: Honorable Christine Kehoe, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzoia, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Felipe Fuentes, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jim Nielsen, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Loni Hancock, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Joan Buchanan, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Marty Morgenstern, Secretary, Labor and Workforce Development Agency
Ms. Marisa Duek, Associate Secretary, Fiscal Policy, Labor and Workforce Development Agency
Ms. Pam Harris, Director, Employment Development Department
Mr. Jack Budmark, Deputy Director of Administration, Employment Development Department
Mr. Tad Allred, Chief of Fiscal, Employment Development Department

Attachment A

Add the following provision to Item 7100-001-0588:

- x. The Director of Finance is authorized to increase this item in the instance that the data center expense associated with the DB2 environment within the Single Client Database exceeds projected expenditures of \$3.3 million. Any such augmentation may be authorized not sooner than 30 days after written notification is provided to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time after that notification the chairperson of the joint committee, or his or her designee, may in each instance determine. Funds provided pursuant to this provision may not be used for any other purpose.

Add the following provision to Item 7100-001-0870:

- x. The Director of Finance is authorized to increase this item in the instance that the data center expense associated with the DB2 environment within the Single Client Database exceeds projected expenditures of \$3.3 million. Any such augmentation may be authorized not sooner than 30 days after written notification is provided to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time after that notification the chairperson of the joint committee, or his or her designee, may in each instance determine. Funds provided pursuant to this provision may not be used for any other purpose.



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Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Items 7350-001-0001 and 7350-001-0223, Support, Department of Industrial Relations

It is requested that Item 7350-001-0223 be decreased by \$717,000 and that Item 7350-001-0001 be amended to reflect this change, to implement the use of electronic recording rather than Hearing Reporters to provide transcripts relative to Workers' Compensation Appeals Board adjudication hearings. Additionally, it is requested that reporting language be added to Item 7350-001-0223 to provide a status update on this effort (see Attachment A).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Chris Lief, Assistant Program Budget Manager, at (916) 445-8913.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: On following page

MAR 30 2012

cc: Honorable Christine Kehoe, Chair, Senate Appropriations Committee
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Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Marty Morgenstern, Secretary, Labor and Workforce Development Agency
Ms. Marisa Duek, Associate Secretary, Fiscal Policy, Labor and Workforce Development Agency
Ms. Christine Baker, Director, Department of Industrial Relations
Ms. Han Ha, Administration Chief, Department of Industrial Relations
Mr. Greg Edwards, Fiscal Chief, Department of Industrial Relations

MAR 30 2012

Attachment A

Add the following provision to Item 7350-001-0223:

- x. The Department of Industrial Relations shall report, on or before July 1, 2014, to the Director of Finance and the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee on the status of transitioning to electronic recording processes in Workers' Compensation Appeals Board adjudication hearings. The report shall include an update and description of all staff redirection and workload pursuant to the proposed transition.